

electricity usage will add up to 100 megawatts of SMUD's total 2000 megawatts of peak usage, is opened to competition allowing customers to buy power from a supplier of their choice. By moving months ahead of the other utilities, SMUD gained valuable experience, learning the impact of competition on customers and on SMUD operations.

SMUD's commitment to the Sacramento area goes beyond merely providing electrical power. From its inception, SMUD has recognized its responsibility to return something to the community it serves. Last year, as part of the District's Employee Volunteer Program, employees volunteered over 2,300 hours and raised \$20,000 to assist non-profit organizations in the Sacramento area. In partnership with the Sacramento Tree Foundation, SMUD customers have planted more than 200,000 trees in Sacramento since the program began in 1990. SMUD is also aiding in the economic development of the Capital Region. By offering competitive economic development rates, SMUD has helped attract and retain successful companies such as Campbell Soup, Blue Diamond, Packard Bell, Kikkoman and JVC. In the past five years, SMUD has helped to attract or retain 13,000 jobs during a period of economic recession. SMUD is also trying to create a cluster of electric vehicle-related businesses at the McClellan Air Force Base which is slated to close in 2001. McClellan is the largest industrial center in Northern California and offers a sophisticated array of high-tech services that can be contracted by private companies.

I ask my colleagues to join me in recognizing the Sacramento Municipal Utility District on its 50th year and we wish them continued success as they approach the 21st century and the new competitive environment in the electric power industry.

#### INDEXING FOR INFLATION \$2,000 LIMIT FOR IRA CONTRIBUTIONS

**HON. RICHARD E. NEAL**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 27, 1998*

Mr. NEAL of Massachusetts. Mr. Speaker, today I am introducing legislation to help those who do not have employer sponsored pension plans. I agree with Federal Reserve Chairman Alan Greenspan that our biggest economic problem is our low national saving rate. Since August of 1997, Americans have been setting aside only 3.8 percent of their personal income.

The Taxpayer Relief Act of 1997 included tax incentives to increase personal saving. This new law expanded individual retirement accounts (IRAs) and created the Roth IRA. Under the new Taxpayer Relief Act of 1997, an individual may contribute \$2,000 to either a traditional IRA or a Roth IRA. This \$2,000 limit has not been increased since 1981.

This legislation would simply index the \$2,000 limit for inflation in \$500 increments. The \$2,000 limit would just be increased just for traditional IRAs and not Roth IRAs. The reason for this is traditional IRAs have lower income limits and are designed to help those who do not have employer pension plans.

It is important we do as much as possible to help individuals save for retirement. Many use IRAs as their sole source of private savings for retirement. The \$2,000 limit has not been adjusted since 1981. This is a saving for retirement.

I urge my colleagues to cosponsor this legislation. During the 105th Congress, I look forward to enacting legislation which will improve our current pension system.

The last provision of the bill addresses a provision of the Taxpayer Relief Act of 1997. The Taxpayer Relief Act of 1997 includes a provision which allows an employer to voluntarily cash-out employees from pension plans upon termination of employment if the amount is less than \$5,000. My legislation would require this sum to be placed in an IRA. The purpose of this provision is to lock up this money for retirement savings. This sum was not taxable income for the employee because it was earmarked for retirement. This provision would allow the funds to be used for retirement.

I urge my colleagues to review and cosponsor this legislation. Pension portability is a serious issue and this legislation makes strides towards improving it. Among all distributions that occur at job change, 33 percent result in an IRA rollover, 7 percent are rolled over to a new employee plan, and 60 percent are cashed out. We need to impose these statistics and the legislation I am introducing today will do this. Enclosed is a summary of the legislation.

#### SUMMARY OF PENSION IMPROVEMENT ACT

Section 1. Short Title.—This legislation is entitled the "Pension Improvement Act of 1998".

Section 2. Faster Vesting for Employer Contribution to Defined Contribution Plans.—Reduced vesting from five to three years for employer contributions to defined contribution plans. Allows an option instead of 3 year vesting the following schedule: at 1 year, 20 percent at 2 years 40 percent, at 3 years 60 percent, at 4 years 80 percent, and at 5 years 100 percent.

Section 3. Employers Required to Permit Rollovers to Individual Retirement Plans Within 3 Months After Separation from Service.—Employer required within 90 days of termination of employment to offer employee their pension benefits to be rolled over into an IRA. The employee is not required to take this option. Withdrawals before the taxpayer reach age 59 and ½ from the rollover IRA are subject to a 25 percent penalty for the first two years and then 10 percent. Current law is a 10 percent penalty on early withdrawals. As under current law, the 10 percent penalty would be waived for withdrawals for first time purchase of a home, costs of higher education, and medical expenses.

Section 4. Penalty-Free Distributions from Individual Retirement Plans to Unemployed Individuals.—The 10 percent penalty would be waived for withdrawals made if the taxpayer has received unemployment compensation for twelve weeks.

Section 5. Involuntary Cash-outs Permitted Only if Distribution Rolled to an IRA.—Involuntary cash-outs of less than \$5,000 need to be rolled over directly into an IRA.

#### HONORING THE DISTINGUISHED CAREER OF RALPH VAUGHN

**HON. BART GORDON**

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 27, 1998*

Mr. GORDON. Mr. Speaker, it goes without saying that in Rutherford County, when someone hears the words, "My friend, my friend,—are you excited?," one can only expect to be greeted by the jovial and gregarious, Mr. Ralph Vaughn. Eleven years ago, we were fortunate enough to find someone of his caliber and talents to tackle the challenges facing Rutherford County and the Chamber of Commerce.

Today, I rise to honor the distinguished career of the retiring Rutherford County Chamber of Commerce President, and one of the most enthusiastic individuals I know, Mr. Ralph Vaughn.

When Ralph joined the Rutherford County Chamber of Commerce in 1986, the organization had two employees and an annual operating budget of less than \$100,000. Now, under his leadership, the chamber has seen membership double, staff increase to twelve and the operating budget grow to over \$700,000.

Probably the single greatest accomplishment for which Ralph will be remembered is the recent transition of the Chamber office from a log Cabin to its new 10,000 square foot State of the Art facility.

Ralph has been a driving force in preparing Rutherford Countians for the challenges of an expanding economy and continued growth. It was Ralph's innovations and hard work that helped push tourism from a \$34 million a year industry to over \$110 million dollars today. It was also Ralph's vision that helped conceptualize a long range economic development strategy for growth in Rutherford County, known as Rutherford 20/20.

Ralph has not only helped Rutherford County grow, but he also never forgot his hometown of Smithville, Tennessee. Before coming to head the Rutherford County Chamber of Commerce, Ralph had a distinguished career in the broadcasting industry which had him managing a successful AM/FM station in Smithville.

However, this is not all Ralph did to help his community. Back in 1971, he and a small group of community leaders founded the now internationally famous Fiddler's Jamboree in Smithville. This event has grown from about 8,000 attendees to over 110,000 in 1996 and was recently named the Official Jamboree and Crafts festival of the State of Tennessee.

Ralph's cheerful smile will surely be missed by the folks at the Chamber, but one thing is for sure he has left an indelible mark on both the success and growth of our community. I am sure he will never stop making new friends and promoting Rutherford County. It has truly been a privilege to work with this man, and I wish him the best of luck in his new endeavors.